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26 June 1961

CMCC Doc. No. 151x5.1835

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Dear Dan:

Subject: Inventory - Contracts A-101 and NY -A-501

Pursuant to our telephone discussions concerning the surplus property which was inadvertently charged to contract NY-A-501, but which was properly allocable to Customers A, B & C under contract A-101, I requested that a physical inventory be made. I have attached hereto a copy of the inventory schedules prepared. You will note that the total amount involved is \$7,453.87. It was our desire to distribute these costs on an equitable yet simple basis. We concluded it would be equitable to do it on the basis of System 3's each customer purchased, since the surplus inventory came into being in connection with these systems. The results of our calculations are set out below:

The total number of systems purchased, and to which the inventoried property relates, is 46. The ratios and resultant cost distribution is as follows:

14 were purchased by Customer A, or 30.4%	\$2,265.98
7 were purchased by Customer B, or 15.2%	1,132.98
25 were purchased by Customer C, or 54.4%	4,054.91
	<u>\$7,453.87</u>

We request that we be authorized to credit contract NY-A-501 in the sum of \$7,453.87, and that Customers A, B & C be charged for the amounts indicated above, against contract A-101.

The inventory is still located here on our premises. We would, therefore, appreciate in conjunction with your approval, instructions as to disposition of the inventory. I believe that if we can settle this last item we will be able to proceed with final closing action--at long last.

Sincerely,


 Jack

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